

(2) The standard deduction under section 141 shall be allowed if an individual so elects in his return for such computation year.

Thus, even though an individual who chooses the benefits of income averaging for a taxable year may not pay the tax imposed under section 3, such individual may elect the standard deduction under section 141.

(b) The standard deduction shall be allowed to an individual if he elects on his return for the computation year to take such deduction. Such individual shall signify on his return his election to take the standard deduction by claiming thereon the deduction in the amount provided for in section 141 instead of itemizing the deductions (other than those specified in sections 62 and 151) allowable in computing taxable income. In the case of a husband and wife (whether separate or joint returns are filed), the election to take the standard deduction and the manner of signifying such election shall, to the extent not limited by section 142 and the regulations thereunder, be made in accordance with these rules.

(c) A change of the election to take, or not to take, the standard deduction for any computation year shall be made in accordance with the rules provided in § 1.144-2.

[T.D. 6885, 31 FR 7800, June 2, 1966]

EFFECTIVE DATE NOTE: By T.D. 8712, 62 FR 2283, Jan. 16, 1997, § 1.144-3 was removed, effective May 16, 1997.

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§ 1.145-1 Qualified 501(c)(3) bonds.

(a) *Overview.* Interest on a private activity bond is not excludable from gross income under section 103(a) unless the bond is a qualified bond. Under section 141(e)(1)(G), a qualified 501(c)(3) bond issued under section 145 is a qualified bond. Under section 145, a qualified 501(c)(3) bond is any bond issued as a part of an issue that satisfies the requirements of sections 145(a) through (d).

(b) *Scope.* Sections 1.145-0 through 1.145-2 apply for purposes of section 145(a).

(c) *Effective dates.* For effective dates of §§ 1.145-0 through 1.145-2, see § 1.141-15.

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§ 1.145-2 Application of private activity bond regulations.

(a) *In general.* Except as provided in this section, §§ 1.141-0 through 1.141-15 apply to section 145(a). For example, under this section, § 1.141-1, and § 1.141-2, an issue ceases to be an issue of qualified 501(c)(3) bonds if the issuer or a conduit borrower 501(c)(3) organization takes a deliberate action, subsequent to the issue date, that causes the issue to fail to comply with the requirements of sections 141(e) and 145 (such as an action that results in revocation of exempt status of the 501(c)(3) organization).

(b) *Modification of private business tests.* In applying §§ 1.141-0 through 1.141-15 to section 145(a)—

(1) References to governmental persons include 501(c)(3) organizations with respect to their activities that do not constitute unrelated trades or businesses under section 513(a);

(2) References to “10 percent” and “proceeds” in the context of the private business use test and the private security or payment test mean “5 percent” and “net proceeds”; and

(3) References to the private business use test in §§ 1.141-2 and 1.141-12 include the ownership test of section 145(a)(1).